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KIRKWOOD COLLECTION

HOTEL PORTFOLIO & MANAGEMENT FIRM IMPROVES USALI REPORTING & CONSOLIDATIONS WITH ARMANINO AND SAGE INTACCT

Challenge	Solution	Result
Limited software tools hindered comprehensive financial reporting and compliance with USALI standards.	Implemented and customized Sage Intacct to aid in designing a uniform system of accounts, provide macro- and micro-level insights into entity performance and simplify key accounting functions.	Enhanced visibility into individual entities' current financial performance against previous periods, cut time spent on consolidations from weeks to an hour and enabled finance team to conduct a proper month-end close for the first time.

Complex Business Model Inhibits Compliance

Kirkwood Collection is a hotel management firm that oversees eight entities from a portfolio of five luxury boutique hotels, two equity funds and a management organization that staffs design, accounting, human resources, operations, revenue management and marketing teams for its hotels. The company has grown considerably over the past few years and plans to continue adding new hotels to its portfolio.

To enable sustainable growth, Kirkwood knew it needed an accounting system that would easily integrate new entities, had extensive enough features to serve its complex business model and could help it keep on top of the compliance obligations specific to the hospitality industry. Founder and CEO Alex Kirkwood said, "Our previous accounting software couldn't do any sort of consolidation, so we had eight different entities with different chart of accounts (COA) that each had escalating levels of sophistication. It was challenging to make historical comparisons without a uniform COA, which we had to manually accomplish in Excel."

Without the ability to unify its COAs, the company couldn't gain real-time, actionable insights into the comparative financial performance between its individual entities. The manual process of consolidating in Excel took days to complete. To gather this data, the finance staff expended precious time manually reconciling information for deals, refinances, reporting and compliance with the 300+ page Uniform System of Accounts for the Lodging Industry (USALI) standards.

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Accounting Solution Automates Consolidations

To rectify these issues, Kirkwood looked at a range of accounting software solutions, ultimately deciding on Sage Intacct because it offered extensive features that covered their complex business model, as well as hospitality industry-specific support. Armanino's extensive Sage Intacct experience and knowledge of the hospitality sector made the firm an ideal fit as Kirkwood's partner to help the company accomplish its goals.

By working with Armanino to implement Sage Intacct, Kirkwood designed a uniform system of accounts that conformed with USALI. According to Alex Kirkwood, "Moving to Sage Intacct has consolidated our COA. And it's simplified a lot of our accounting functions." The company also integrated Sage Intacct with MineralTree, its accounts payable automation software; Automatic Data Processing (ADP), its human resources management system; and its various banking partners. Before the implementation of Sage Intacct, data from these systems was all consolidated manually. Now, the information feeds into Sage Intacct and is easily digestible.

Reporting That Took a Week Now Takes Less Than an Hour

The immediate benefit Kirkwood realized from its Sage Intacct implementation and partnership with Armanino was the ability to perform a proper month-end financial close for the first time because the accounting data from its various systems and entities now feeds directly into Sage Intacct.

The company also can analyze performance at a global level down to a granular one through built-in dashboards enhanced by Armanino. This gives the firm real-time data on overall cash flow, as well as for individual entities. Kirkwood can compare consolidated current financial data against prior months or years — providing a new level of optics into financial performance.

In addition, the company now has a USALI compliant report that is broken down into all the relevant metrics. It serves as a statistical journal that includes rooms available, room nights sold, the average daily rate for a room and the revenue per available room. It also shows the company's departmental, labor and other room-related expenses. And, it includes how its hotels are comped against others, which is a key data point that appraisers use.

Alex Kirkwood added, "Before, if I was underwriting a new deal with our banking partners, generating, validating and formatting consolidated reports, and then presenting all our hotels to a stable of lenders in the same reporting standard it used to take more than a week — now we can do that in less than an hour."

Nine years ago, Kirkwood Collection had $400,000 in real estate under management. Five years later, it grew to $4,000,000. Today, it's $40,000,000. Regarding the company's expansion over the past decade and its experience partnering with Armanino and Sage Intacct, Alex Kirkwood had this to say, "We're delighted to have worked with Armanino and Sage Intacct as we scale to $400,000,000."

Given Kirkwood's growth over the past few years (and its expected trajectory), leadership is more confident in maintaining productivity as the company continues to scale.

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